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KONG SUN HOLDINGS LIMITED

江山控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 295)

INSIDE INFORMATION CAPITAL INCREASE OF AN ASSOCIATED COMPANY

This announcement is made by the board (the “**Board**”) of directors (the “**Directors**”) of Kong Sun Holdings Limited (the “**Company**”, and together with its subsidiaries, collectively the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

CAPITAL INCREASE OF AN ASSOCIATED COMPANY

References are made to the Company’s announcement dated 4 December 2015 and circular dated 30 December 2015 in relation to the acquisition of approximately 44.587% equity interest in 中科恒源科技股份有限公司 (Zhongke Hengyuan Technology Co., Ltd.*, “**Zhongke**”) (the “**Acquisition**”). Upon completion of the Acquisition, Zhongke became an associated company of the Company on 31 January 2016.

The Company has recently been informed that Zhongke had entered into a capital increase agreement with one of its shareholders that held approximately 19.23% equity interest in Zhongke which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, a third party independent of the Company and its connected persons, on 27 June 2016, pursuant to which such shareholder agreed to make an additional capital contribution to Zhongke (the “**Capital Increase**”).

Upon completion of the Capital Increase which took place on 14 July 2016, the registered capital of Zhongke was enlarged from RMB120 million to RMB350 million, and the Group's equity interest in Zhongke was diluted from approximately 44.587% to approximately 15.29%, and Zhongke continues to be accounted for as an associated company of the Group in accordance with the relevant accounting principles under the Hong Kong Accounting Standards.

CONTINUAL SUSPENSION OF TRADING

At the request of the Company, trading in its shares on the Stock Exchange has been suspended from 9:00 a.m. on 1 April 2016 and will remain suspended until further notice.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
Kong Sun Holdings Limited
Mr. Liu Wen Ping
Executive Director

Hong Kong, 21 July 2016

As of the date of this announcement, the Board comprises two executive Directors, Mr. Liu Wen Ping and Mr. Chang Hoi Nam, two non-executive Directors, Dr. Ma Ji and Mr. Chang Tat Joel, and three independent non-executive Directors, Mr. Miu Hon Kit, Mr. Wang Haisheng and Mr. Lu Hongda.

* *For identification purposes only*